

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 14, 2011

LaDonna Castañuela
Texas Commission on Environmental Quality
Office of the Chief Clerk, MC-105
P.O. Box 13087
Austin, Texas 78711-3087

Re: Petition from Lancaster Municipal Utility District No. 1 for authorization to annex property in the extraterritorial jurisdiction of the City of Lancaster, TCEQ Internal Control No. 09252008; TCEQ Docket No. 2010-1851-DIS

Dear Ms. Castañuela:

I have enclosed the Executive Director's Response to Hearing Requests. Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Stefanie Skogen".

Stefanie Skogen
Staff Attorney
Environmental Law Division

Enclosure

cc: Mailing list

TCEQ DOCKET NO. 2010-1851-DIS

PETITION FROM LANCASTER	§	BEFORE THE TEXAS
MUNICIPAL UTILITY DISTRICT	§	
(MUD) NO. 1 FOR AUTHORIZATION	§	
TO ANNEX PROPERTY IN THE	§	
EXTRATERRITORIAL	§	COMMISSION ON
JURISDICTION (ETJ) OF THE CITY	§	
OF LANCASTER IN DALLAS AND	§	
ELLIS COUNTIES, TX, TCEQ	§	
INTERNAL CONTROL NO.	§	
09252008-D02	§	ENVIRONMENTAL QUALITY

EXECUTIVE DIRECTOR'S RESPONSE TO HEARING REQUESTS

The Executive Director (ED) of the Texas Commission on Environmental Quality (Commission or TCEQ) files this Response to Hearing Requests on Lancaster MUD No. 1's petition for authorization to annex property located in the City of Lancaster's ETJ. The City of Lancaster filed a hearing request.

Attached for Commission consideration is Lancaster MUD No. 1's petition (Attachment A).

I. BACKGROUND

Gary J. Baker owns 107.76 acres of land located in the City of Lancaster's ETJ. He and Deborra L. Baker own another 109.771 acres of land that are also located in the city's ETJ. The Bakers and Lancaster MUD No. 1 want the District to annex the Bakers' property and provide water and sewer service to the property. On January 28, 2008, the Bakers and the District filed a petition with the City of Lancaster requesting that the City provide consent for the land annexation. The City denied the request on March 10, 2008. The Bakers then filed a request to obtain water and sewer service from the City on June 6, 2008. The City denied that request on July 14, 2008. On September 25, 2008, the District and the Bakers filed a petition with the TCEQ seeking approval for the

District to annex the Bakers' property.

Lancaster MUD No. 1 published the notice of annexation petition in the *Daily Commercial Record*, a newspaper of general circulation in Dallas County, on February 5 and 12, 2009, and in the *Waxahachie Daily Light*, a newspaper of general circulation in Ellis County, on February 8 and 15, 2009. The District also posted notice on the bulletin boards used for posting legal notices in Dallas and Ellis Counties on January 27, 2009. The TCEQ received one hearing request in response to notice.

II. LEGAL AUTHORITIES

A. Annexation Requirements

Under section 54.016(a) of the Texas Water Code, no land located in a city's ETJ can be included in a district unless the city grants its written consent.¹ If the city refuses to grant permission, the owners of 50% or more of the land to be included may request that the city provide the land with water or sewer service.² If the city and landowners fail to execute a mutually agreeable contract for the requested water or sewer service, the Texas Water Code authorizes the applicant to petition the TCEQ for inclusion of the land in the district.³ The Commission shall allow the land's inclusion if it finds that the city either does not have the reasonable ability to serve or has failed to make a legally binding commitment with sufficient funds available to provide water and sewer service adequate to serve the proposed development at a reasonable cost to the landowner.⁴

B. Notice Requirements

The petition is subject to the TCEQ rules governing requests for contested case

¹ TEX. LOC. GOV'T CODE ANN. § 42.0425(a) (Vernon 2008).

² TEX. WATER CODE ANN. § 54.016(b) (Vernon 2008); TEX. LOC. GOV'T ANN. § 42.042(b).

³ TEX. WATER CODE ANN. § 54.016(c); TEX. LOC. GOV'T CODE ANN. § 42.042(c)-(d).

⁴ TEX. WATER ANN. § 54.016(d); TEX. LOC. GOV'T CODE § 42.042(f).

hearings found in title 30, chapter 55, subchapter F of the Texas Administrative Code.⁵ Under section 55.251(a), an affected person may request a contested case hearing. The request must be in writing and filed with the TCEQ Chief Clerk within the time period specified in the notice.⁶ The request must also substantially comply with the requirements found in section 55.251(c). A document that comments on an application but does not request a hearing is treated as public comment.⁷

To be an affected person, a person must have a personal justiciable interest related to a legal right, duty, privilege, power, or economic interest affected by the petition.⁸ An interest common to members of the general public is not a personal justiciable interest.⁹ Section 55.256(c) lists other factors that the Commission shall consider when determining if someone is an affected person. If someone is an affected person, his or her hearing request shall be granted if it complies with the section 55.251 requirements, is timely filed, and is pursuant to a right to hearing authorized by law.¹⁰

III. ANALYSIS

A. Lancaster MUD No. 1 has met the section 54.016 requirements.

The only finding the Commission has to make in this type of case is that required by section 54.016(d): the applicable city either does not have the ability to serve *or* has not entered into a contract to provide service. At this point, it is undisputed that the City of Lancaster has not entered into a contract with the Bakers to provide service to their property. Therefore, pursuant to section 54.016(d), the Commission can grant Lancaster MUD No. 1's petition without considering any other factors.

⁵ 30 TEX. ADMIN. CODE § 55.250 (West 2010).

⁶ *Id.* § 55.251(b), (d).

⁷ *Id.* § 55.251(e).

⁸ *Id.* § 55.256(a).

⁹ *Id.*

¹⁰ *Id.* § 55.255(b).

B. The City of Lancaster's hearing request does not meet the section 55.255(b) requirements.

In its letter, the City of Lancaster said it objected to the annexation because the City provides Lancaster MUD No. 1 with water through a water supply contract. If the District serves additional property, it will need more water from the City, and the City said it does not have the infrastructure or funds to increase its water supply to the District. The City also provided its mailing address, telephone number, and fax number; the District's name; and the correct TCEQ Internal Control Number. It also stated it was writing to request a contested case hearing. The City submitted its request within the thirty-day period required by the notice.

Under section 55.251(a), the City of Lancaster may request a contested case hearing if it is an affected person. In this case,¹¹ the city does not qualify as an affected person because it has not established that it has a justiciable interest. An interest is justiciable if it is "capable of being disposed of judicially."¹² As discussed in the previous section, the City has not entered into a contract with the landowners to provide water and sewer service. Based on this information, the ED concludes that the District has already met the annexation requirements of section 54.016, so there is no factual or legal issue left for the State Office of Administrative Hearings to resolve in this case before the TCEQ can approve the petition. If there are no factual or legal issues remaining that can be disposed of judicially, the City has no justiciable interest and has not fulfilled the affected person requirement. Therefore, unless the Commission believes there are any outstanding disputed fact issues related to the City's affected person status, the City's hearing request should be denied.

¹¹ *Id.* § 55.256(a).

¹² BLACK'S LAW DICTIONARY 882 (8th ed. 2004).

IV. CONCLUSION

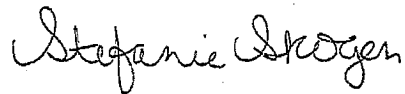
The ED recommends that the Commission deny the City of Lancaster's hearing request and grant Lancaster MUD No. 1's petition.

Respectfully submitted,

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Mark R. Vickery, P.G., Executive Director


Robert Martinez, Director
Environmental Law Division



By _____
Stefanie Skogen
Staff Attorney
Environmental Law Division
State Bar of Texas No. 24046858
MC-173, P.O. Box 13087
Austin, Texas 78711
Phone: (512) 239-0575
Fax: (512) 239-0606

CERTIFICATE OF SERVICE

I certify that on February 14, 2011, a copy of the foregoing document was sent by first class mail, agency mail, electronic mail, and/or facsimile to the persons on the attached mailing list.



Stefanie Skogen, Staff Attorney
Environmental Law Division

Mailing List Lancaster MUD No. 1 TCEQ Docket No. 2010-1851-DIS

REPRESENTING LANCASTER MUD NO. 1:

Josh J. Kahn
Julianne Kugle
Sanford Kuhl Kugle Parker Hagan L.L.P.
1980 Post Oak Boulevard, Suite 1380
Houston, Texas 77056
Phone: (713) 850-9000
Fax: (713) 850-1330

REPRESENTING THE CITY OF LANCASTER:

Jim Mathews
Mathews & Freeland, L.L.P.
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Fax: (512) 703-2785

OFFICE OF PUBLIC ASSISTANCE:

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Texas Commission on Environmental
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ALTERNATIVE DISPUTE RESOLUTION:

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REPRESENTING THE OFFICE OF PUBLIC INTEREST COUNSEL:

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Texas Commission on Environmental
Quality
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Phone: (512) 239-6363
Fax: (512) 239-6377

OFFICE OF THE CHIEF CLERK:

LaDonna Castañuela
Texas Commission on Environmental
Quality
Office of the Chief Clerk, MC-105
P.O. Box 13087
Austin, Texas 78711-3087
Phone: (512) 239-3300
Fax: (512) 239-3311

ATTACHMENT A

COATS | ROSE

JOSHUA J. KAHN

jkahn@coatsrose.com
Direct Dial
(713) 653-7339
Direct Fax
(713) 890-3929

September 23, 2008

#251436

VIA FEDERAL EXPRESS

Ms. Mary A. France (MC-156)
Districts Review Team
Utilities and Districts Section
Texas Commission on Environmental Quality
12100 Park 35 Circle
North IH-35
Austin, Texas 78753

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Re: Lancaster Municipal Utility District No. 1

Dear Ms. France:

On behalf of our client, Lancaster Municipal Utility District No. 1 (the "District"), enclosed herein please find the following:

1. Petition for Addition of Land to a Municipal Utility District; and
2. \$100.00 non-refundable filing fee.

On January 28, 2008, (i) Gary J. Baker and the District submitted to the City of Lancaster, Texas (the "City"), a Petition for Consent to Addition of Land to a Municipal Utility District requesting the City's consent to the addition of 107.760 acres to the District, and (ii) Gary J. Baker and Deborah L. Baker and the District submitted to the City, a Petition for Consent to Addition of Land to a Municipal Utility District requesting the City's consent to the addition of 109.711 acres to the District. Pursuant to Resolution No. 2008-03-23, dated March 10, 2008, the City denied the request to consent to the addition of the 107.760 acres and the 109.711 acres to the District. On June 6, 2008, the Gary J. Baker and Deborah L. Baker submitted to the City, a Petition for Water and Sanitary Sewer Service requesting that the City make water and sanitary sewer service available to the 107.760 acres and the 109.711 acres. Pursuant to Resolution No. 2008-07-63, dated July 14, 2008, the City denied the request to provide water and sanitary sewer service to the 107.760 acres and the 109.711 acres. The District now requests that the Texas Commission on Environmental Quality review the enclosed documents and approve the annexation of the 107.760 acres and the 109.711 acres to the District.

COATS | ROSE | YALE | RYMAN | LEE
A Professional Corporation

3 East Greenway Plaza, Suite 2000 Houston, Texas 77046-0307

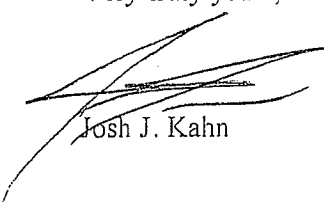
Phone: 713-651-0111 Fax: 713-651-0220

Web: www.coatsrose.com

004462.000000/1158460.1 JKAHN

Thank you in advance for your attention to this matter. If you should have any questions, or require any additional information, please feel free to contact me.

Very truly yours,



Josh J. Kahn

Enclosures

cce: Mr. Gary Baker

**PETITION FOR ADDITION OF LAND
TO A MUNICIPAL UTILITY DISTRICT**

THE STATE OF TEXAS

§

COUNTY OF TRAVIS

§

TO THE HONORABLE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY:

The undersigned, LANCASTER MUNICIPAL UTILITY DISTRICT NO. 1 (the "District") and GARY J. BAKER, as owner of the 107.760 acre tract of land described in the attached Exhibit "A-1," and GARY J. BAKER and DEBORRA L. BAKER, as owners of the 109.711 acre tract of land described in the attached Exhibit "A-2" (collectively referred to as "Property Owner"), respectfully petitions the Texas Commission on Environmental Quality (the "Commission") for the addition of the tracts of land described in Exhibit "A-1" and Exhibit "A-2" to the District, pursuant to Section 54.016, Texas Water Code, as amended, and Section 42.0425, Texas Local Government Code, as amended, and would respectfully show the following:

I.

On January 28, 2008, (i) Gary J. Baker and the District submitted to the City of Lancaster, Texas (the "City"), a Petition for Consent to Addition of Land to a Municipal Utility District, a copy of which is attached hereto as Exhibit "B-1," requesting the City's consent to the addition of the 107.760 acres described in the attached Exhibit "A-1" to the District, and (ii) Gary J. Baker and Deborra L. Baker and the District submitted to the City, a Petition for Consent to Addition of Land to a Municipal Utility District, a copy of which is attached hereto as Exhibit "B-2," requesting the City's consent to the addition of the 109.711 acres described in the attached Exhibit "A-2" to the District (the 107.760 acres described in the attached Exhibit "A-1" and the 109.711 acres described in the attached Exhibit "A-2" collectively referred to herein as the "Tract").

II.

Pursuant to Resolution No. 2008-03-23, dated March 10, 2008, a copy of which is attached hereto as Exhibit "C," the City denied the request to consent to the addition of the Tract to the District.

III.

On June 6, 2008, the Property Owner submitted to the City, a Petition for Water and Sanitary Sewer Service, a copy of which is attached hereto as Exhibit "D," requesting that the City make water and sanitary sewer service available to the Tract.

IV.

Pursuant to Resolution No. 2008-07-63, dated July 14, 2008, a copy of which is attached hereto as Exhibit "E," the City denied the request to provide water and sanitary sewer service to the Tract.

V.

The Tract lies partially within Dallas County, and partially within Ellis County, Texas, and not within the boundaries of any incorporated city or town. The Tract lies wholly within the exclusive extraterritorial jurisdiction of the City, as such term is determined pursuant to Chapter 42 V.T.C.A. Local Government Code.

VI.

Property Owner is the holder of title to the Tract as shown by the Dallas and Ellis County Tax Rolls and conveyances of record. No person or entity holds a lien on the Tract.

VII.

The District was organized, created and established pursuant to an Order of the Commission, dated March 21, 2002, in accordance with Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended, to provide for:

- (1) the control, storage, preservation, and distribution of its storm water and floodwater, the water of its rivers and streams for irrigation, power and all other useful purposes;
- (2) the reclamation and irrigation of its arid, semiarid, and other land needing irrigation;
- (3) the reclamation and drainage of its overflowed land and other land needing drainage;
- (4) the conservation and development of its forests, water, and hydroelectric power;
- (5) the navigation of its inland and coastal water;
- (6) the control, abatement, and change of any shortage or harmful excess of water;
- (7) the protection, preservation, and restoration of the purity and sanitary condition of water within the state; and
- (8) the preservation of all natural resources of the state.

The District is empowered and authorized to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside and outside its boundaries any and all works, improvements, facilities, plants, equipment, and appliances necessary to accomplish the purposes of its creation.

VIII.

The general nature of the work to be done by and within the Tract at the present time is the construction, maintenance and operation of a waterworks system for residential and commercial purposes; the construction, maintenance and operation of a sanitary sewer collection system; the control, abatement and amendment of the harmful excess of waters and the reclamation and drainage of overflowed lands within the lands to be included within the District; and the construction, installation, maintenance, purchase and operation of such additional facilities, systems, plants and enterprises as shall be consonant with the purposes for which the District is organized.

IX.

There is a necessity for the improvements above described because the Tract is located within an area that is experiencing substantial and sustained residential and commercial growth, is urban in nature and is not supplied with adequate water, sanitary sewer and drainage facilities and services. The health and welfare of the future inhabitants of the Tract require the acquisition and installation of an adequate waterworks, sanitary sewer and storm drainage system. The purchase, construction, extension, improvement, maintenance and operation of such waterworks system and storm and sanitary sewer

collection and disposal systems will conserve and preserve the natural resources of this State by promoting and protecting the purity and sanitary condition of the State's waters and will promote and protect the public health and welfare of the community; therefore, a public necessity exists for the inclusion of the Tract within the District.

X.

Said proposed improvements are practicable and feasible, in that the terrain of the Tract is of such a nature that a waterworks system and sanitary and storm sewer systems can be constructed at a reasonable cost; and said land will be rapidly developed for commercial, multi-family and residential purposes.

XI.

A preliminary investigation has been instituted to determine the cost of the project attributable to the Tract, and it is now estimated by those filing this Petition, from such information as they have at this time, that the ultimate cost of the development contemplated will be approximately \$13,048,260.00.

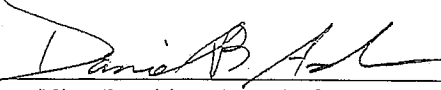
WHEREFORE, the undersigned respectfully pray that this Petition be granted in all respects and that the Commission adopt an order adding the Tract to the District, and for such other orders, acts, procedures and relief as are proper, necessary and appropriate to the purpose of adding the Tract to the District, as you may deem proper and necessary.

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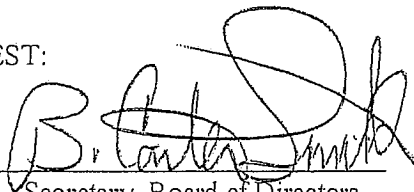
DATED this 8th day of September, 2008.

"DISTRICT":

LANCASTER MUNICIPAL UTILITY
DISTRICT NO. 1

By: 
Vice President, Board of Directors

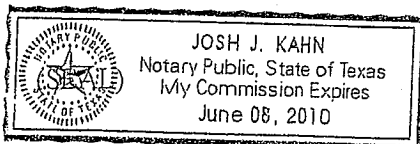
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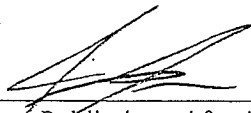
By: 
Secretary, Board of Directors

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 8th day of September, 2008, by Dan Anderson, Vice President of the Board of Directors of Lancaster Municipal Utility District No. 1, a political subdivision, on behalf of said political subdivision.



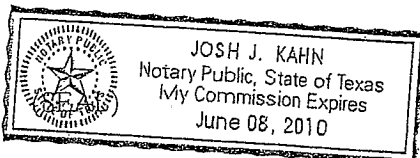

Notary Public in and for the
State of TEXAS

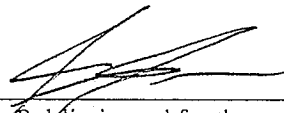
Josh J. Kahn
Name Printed or Typed
My Commission Expires: 6/8/2010

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 8th day of September, 2008, by B. Carter Smith, Secretary of the Board of Directors of Lancaster Municipal Utility District No. 1, a political subdivision, on behalf of said political subdivision.



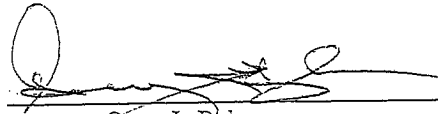

Notary Public in and for the
State of TEXAS

Josh J. Kahn
Name Printed or Typed
My Commission Expires: 6/8/2010

"PROPERTY OWNER":

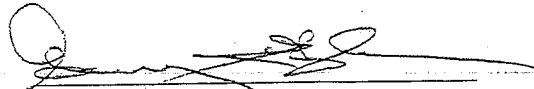
Owner of the 107.760 acres of the
Tract described in Exhibit "A-1"

By:

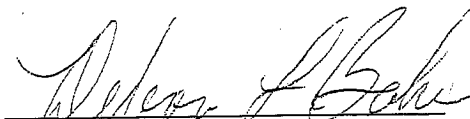

Gary J. Baker

Owners of the 109.711 acres of the
Tract described in Exhibit "A-2"

By:


Gary J. Baker

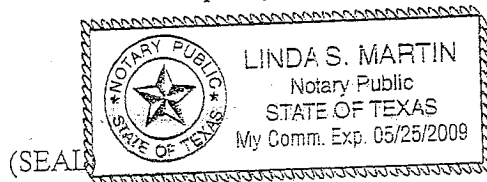
By:

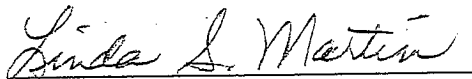

Deborra L. Baker

THE STATE OF TEXAS §

COUNTY OF ~~DALLAS~~ TARRANT §

This instrument was acknowledged before me on the 10th day of Sept., 2008 by Gary J. Baker in the capacity herein stated.



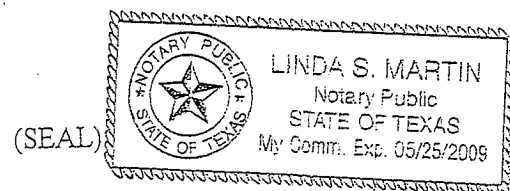

Notary Public in and for the
State of T E X A S

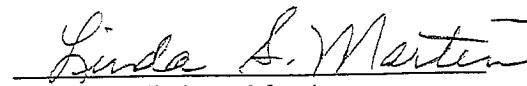
Linda S. Martin
Name Printed or Typed
My Commission Expires: 5/25/09

THE STATE OF TEXAS §

COUNTY OF ~~DALLAS~~ TARRANT §

This instrument was acknowledged before me on the 10th day of Sept., 2007 by Deborra L. Baker in the capacity herein stated.




Notary Public in and for the
State of T E X A S

Linda S. Martin
Name Printed or Typed
My Commission Expires: 5/25/09

Being a tract of land situated in the PATRICK SMITH SURVEY, Abstract No. 1313, Dallas County, Texas and a tract of land conveyed by Deed to Jess Edwin Wade, Jr., recorded in Volume 2001038, Page 3072, Deed Records, Dallas County, Texas and being more particularly described as follows:

Beginning at a 1/2 inch iron rod found for the Northwest corner of said Wade tract, said point also being in the centerline of Reindeer Road (called 40 foot R.O.W.);

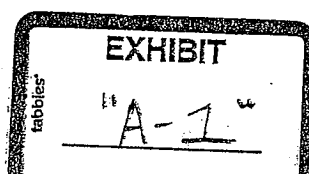
THENCE with 90 degrees 00 minutes 00 seconds East, along the centerline of said Reindeer Road, a distance of 2296.33 feet (Deed-2296.22 feet) to a P.K. Nail found for the most Northerly-Northeast corner of said Wade tract;

THENCE South 30 degrees 22 minutes 25 seconds East (Deed-South 30 degrees 15 minutes East), along the centerline of said Reindeer Road, a distance of 1797.63 feet (Deed-1801.56 feet) to a P.K. Nail found for the most Easterly-Northeast corner of said Wade tract, also being the intersection of the centerline of said Reindeer Road with the centerline intersection of Poe Road (Called 50 foot R.O.W.);

THENCE South 00 degrees 04 minutes 53 seconds East (Deed-South 0 degrees 09 minutes West, along the centerline of said Poe Road, a distance of 159.09 feet (Deed-154.94 feet) to a P.K. Nail found for the Southeast corner of said Wade tract, same being the Northeast corner of a tract of land conveyed by deed to Gary J. Baker and wife, Deborra L. Baker, recorded in Volume 2004208, Page 1729, Deed Records, Dallas County, Texas;

THENCE South 90 degrees 00 minutes 00 seconds West, leaving the centerline of said Poe Road and along the common line of said Wade and Baker tracts, a distance of 3208.58 feet (Deed-3207.80 feet) to a 1/2 inch iron rod set for corner on the East of Green Acres Addition, an addition to Dallas County, Texas, recorded in Volume 45, Page 107, Map Records, Dallas County, Texas;

THENCE North 00 degrees 06 minutes 10 seconds East (Deed-North 0 degrees 08 minutes 51 seconds East), along the East line of said Green Acres Addition, a distance of 1709.98 feet (Deed-1710.30 feet) to the Point of Beginning and containing a gross area of 109.705 acres (4,778,773 square feet), less 1.945 acres (84,723 square feet) of land in Reindeer Road and Poe Road right of way, leaving a net area of 107.760 acres (4,694,050 square feet) of land.



All that certain lot, tract or parcel of land situated in the Patrick P. Smith Survey, Abstract No. 1313, Dallas County, Texas, Patrick P. Smith Survey, Abstract No. 1365 and Robert A. Lemmons Survey, Abstract No. 628, Ellis County, Texas, and being known as that tract of land described in a Warranty Deed from Lee Ann Hill & Jess Edwin Wade, Jr. to Karen Lynn Drummond as recorded in Volume 2001038, Page 3064 of the Deed Records of Dallas County and Volume 1764, Page 233 of the Deed Records of Ellis County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2" Iron rod with plastic cap stamped "RPLS 4466" found for corner in Poe Road at the most Easterly Southeast corner of the above cited Drummond tract;

THENCE N. 89 deg. 50 min. 55 sec. W. (Directional Control Line) along the South line of said Drummond tract a distance of 2351.32 feet to a 3/8" Iron rod found for corner;

THENCE S. 00 deg. 43 min. 19 sec. E. along the most Southerly East line of said Drummond tract, passing a 1/2" Iron rod with cap stamped "RPLS 4466" found for witness at a distance of 931.11' and continuing for a total distance of 1023.58 feet to a point for corner in the center of Bear Creek;

THENCE N. 74 deg. 53 min. 24 sec. W. along the center of Bear Creek a distance of 201.77 feet to a point for corner in the center of Bear Creek;

THENCE N. 56 deg. 50 min. 58 sec. W. along the center of Bear Creek a distance of 502.63 feet to a point for corner in the center of Bear Creek;

THENCE S. 00 deg. 06 min. 29 sec. E. leaving Bear Creek a distance of 177.98 feet to a 1/2" Iron rod found for corner on the West side of a 20" Pecan Tree, said point also being in the North line of a called 84.6489 acre tract of land described in a Warranty Deed from Jeffrey L. Frazier and Ernest E. Roberts to Horizon Properties, Inc. as recorded in Volume 1815, Page 702 of the Deed Records of Ellis County, Texas;

THENCE S. 89 deg. 36 min. 03 sec. W. along the most Westerly South line of said Drummond tract and the North line of said 84.6489 acre tract and the North line of Prairie View Addition, an Addition to Ellis County, as recorded in Cabinet B, Slide 4 of the Plat Records of Ellis County, Texas a distance of 931.59 feet to a 1/2" Iron rod found for corner at the Southwest corner of said Drummond tract, said point also being the most Southerly Southeast corner of a called 26.8313 acre tract of land described in a Warranty Deed from Donald Glen Todd to Jerry D. Keller, et ux as recorded in Volume 1401, Page 137 of the Deed Records of Ellis County, Texas;

THENCE N. 00 deg. 05 min. 43 sec. W. along the most Southerly West line of said Drummond tract and the most Southerly East line of said 26.8313 acre tract a distance of 890.79 feet to a 1/2" Iron rod found for corner at the most Westerly Northwest corner of said Drummond tract, said point also being an interior corner of said 26.8313 acre tract;

THENCE S. 89 deg. 46 min. 09 sec. E. along the most Westerly North line of said Drummond tract and the most Easterly South line of said 26.8313 acre tract a distance of 677.14 feet to a 1/2" Iron rod with plastic cap stamped "USA INC PROP COR" set (hereinafter called 1/2" Iron rod set) for corner at an interior corner of said Drummond tract, said point also being the most Easterly Southeast corner of said 26.8313 acre tract;

THENCE N. 00 deg. 01 min. 23 sec. E. along the most Northerly West line of said Drummond tract and the most Northerly East line of said 26.8313 acre tract a distance of 1053.06 feet to a 1/2" Iron rod set for corner at the most Northerly Northwest corner of said Drummond tract, said point also being the Southwest corner of a tract of land described in a Warranty Deed from Karen Lynn Drummond and Lee Ann Hill to Jess Edwin Wade, Jr. as recorded in Volume 2001038, Page 3072 of the Deed Records of Dallas County, Texas;

THENCE N. 89 deg. 55 min. 24 sec. E. along the North line of said Drummond tract and the South line of said Wade tract a distance of 3207.11 feet to a 1/2" Iron rod set for corner in Poe Road at the Northeast corner of said Drummond tract, said point also being the Southeast corner of said Wade tract, said point also being S. 00 deg. 06 min. 39 sec. E. a distance of 159.02 feet from a P-K nail found at the intersection of Reindeer Road and Poe Road;

THENCE S. 00 deg. 06 min. 39 sec. E. along Poe Road a distance of 1071.10 feet to the POINT OF BEGINNING and containing 109.711 acres of land.

EXHIBIT

A-2

RECEIVED JAN 28 2008

PETITION FOR CONSENT TO ADDITION OF LAND
TO A MUNICIPAL UTILITY DISTRICT

THE STATE OF TEXAS §

COUNTY OF DALLAS §

TO THE HONORABLE MAYOR AND CITY
COUNCIL OF THE CITY OF LANCASTER, TEXAS:

The undersigned, Lancaster Municipal Utility District No. 1 (the "District") and Gary J. Baker ("Property Owner"), respectfully petition the City of Lancaster, Texas for its consent to the addition of land to the District. In support of this Petition, the District would show the following:

I.

The land sought to be added to the District (the "Tract") is described by metes and bounds in Exhibit "A", attached hereto and made a part hereof for all purposes.

II.

The Tract lies wholly within Dallas County, Texas, and not within the boundaries of any incorporated city or town. The Tract lies wholly within the exclusive extraterritorial jurisdiction of the City of Lancaster, Texas, as such term is determined pursuant to Chapter 42 V.T.C.A. Local Government Code.

III.

Property Owner is the holder of title to the Tract as shown by the Tarrant County Tax Rolls and conveyances of record. No person or entity holds a lien on the Tract, except for Jess Edwin Wade, Jr.

IV.

The District was organized, created and established pursuant to an Order of the Texas Natural Resource Conservation Commission (currently known as the Texas Commission on Environmental Quality) dated March 21, 2002; in accordance with Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended, to provide for:

- (1) the control, storage, preservation, and distribution of its storm water and floodwater, the water of its rivers and streams for irrigation, power and all other useful purposes;
- (2) the reclamation and irrigation of its arid, semiarid, and other land needing irrigation;
- (3) the reclamation and drainage of its overflowed land and other land needing drainage;
- (4) the conservation and development of its forests, water, and hydroelectric power;
- (5) the navigation of its inland and coastal water;

EXHIBIT

"B-1"

- (6) the control, abatement, and change of any shortage or harmful excess of water;
- (7) the protection, preservation, and restoration of the purity and sanitary condition of water within the state; and
- (8) the preservation of all natural resources of the state.

The District is empowered and authorized to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside and outside its boundaries any and all works, improvements, facilities, plants, equipment, and appliances necessary to accomplish the purposes of its creation.

V.

The general nature of the work to be done by and within the Tract at the present time is the construction, maintenance and operation of a waterworks system for residential and commercial purposes; the construction, maintenance and operation of a sanitary sewer collection system and sewage disposal plant; the control, abatement and amendment of the harmful excess of waters and the reclamation and drainage of overflowed lands within the lands to be included within the District; and the construction, installation, maintenance, purchase and operation of such additional facilities, systems, plants and enterprises as shall be consonant with the purposes for which the District is organized.

VI.

There is a necessity for the improvements above described because the Tract is located within an area that is experiencing substantial and sustained residential and commercial growth, is urban in nature and is not supplied with adequate water, sanitary sewer and drainage facilities and services. The health and welfare of the future inhabitants of the Tract require the acquisition and installation of an adequate waterworks, sanitary sewer and storm drainage system. The purchase, construction, extension, improvement, maintenance and operation of such waterworks system and storm and sanitary sewer collection and disposal systems will conserve and preserve the natural resources of this State by promoting and protecting the purity and sanitary condition of the State's waters and will promote and protect the public health and welfare of the community; therefore, a public necessity exists for the inclusion of the Tract within the District.

VII.

Said proposed improvements are practicable and feasible, in that the terrain of the Tract is of such a nature that a waterworks system and sanitary and storm sewer systems can be constructed at a reasonable cost; and said land will be rapidly developed for commercial, multi-family and residential purposes.

VIII.

A preliminary investigation has been instituted to determine the cost of the project attributable to the Tract, and it is now estimated by those filing this Petition, from such information as they have at this time, that the ultimate cost of the development contemplated will be approximately \$ 6,465,600.00.

WHEREFORE, the undersigned respectfully pray that this Petition be granted in all respects and that the City Council of the City of Lancaster, Texas, adopt a resolution giving its written consent to the addition of the Tract to the District.

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DATED this 12th day of February, 2007.

"DISTRICT":

LANCASTER MUNICIPAL UTILITY
DISTRICT NO. 1

By: [Signature]
President, Board of Directors

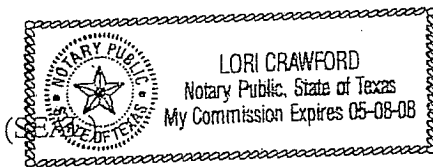
ATTEST:

By: [Signature]
Secretary, Board of Directors

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 12th day of February, 2007, by Gary Thach, President of the Board of Directors of Lancaster Municipal Utility District No. 1, a political subdivision, on behalf of said political subdivision.



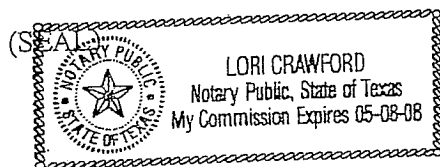
[Signature]
Notary Public in and for the
State of TEXAS

Lori Crawford
Name Printed or Typed
My Commission Expires: 5-8-08

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 12th day of February, 2007, by B. Carter Smith, Secretary of the Board of Directors of Lancaster Municipal Utility District No. 1, a political subdivision, on behalf of said political subdivision.



Notary Public in and for the
State of TEXAS

[Signature]
Name Printed or Typed
My Commission Expires: 5-8-08
Lori Crawford

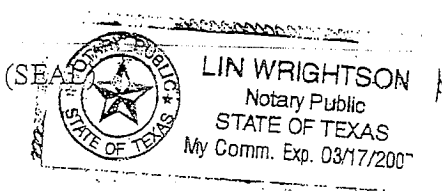
"PROPERTY OWNER":

By: [Signature]
Gary J. Baker

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 16th day of February, 2007 by Gary J. Baker in the capacity herein stated.



[Signature]
Notary Public in and for the
State of TEXAS

Lin Wrightson
Name Printed or Typed
My Commission Expires: 3-17-07

EXHIBIT "A"

Being a tract of land situated in the PATRICK SMITH SURVEY, Abstract No. 1313, Dallas County, Texas and a tract of land conveyed by Deed to Jess Edwin Wade, Jr., recorded in Volume 2001038, Page 3072, Deed Records, Dallas County, Texas and being more particularly described as follows:

Beginning at a 1/2 inch iron rod found for the Northwest corner of said Wade tract, said point also being in the centerline of Reindeer Road (called 40 foot R.O.W.);

THENCE with 90 degrees 00 minutes 00 seconds East, along the centerline of said Reindeer Road, a distance of 2296.33 feet (Deed-2296.22 feet) to a P.K. Nail found for the most Northerly-Northeast corner of said Wade tract;

THENCE South 30 degrees 22 minutes 25 seconds East (Deed-South 30 degrees 15 minutes East); along the centerline of said Reindeer Road, a distance of 1797.63 feet (Deed-1801.56 feet) to a P.K. Nail found for the most Easterly-Northeast corner of said Wade tract, also being the intersection of the centerline of said Reindeer Road with the centerline intersection of Poe Road (Called 50 foot R.O.W.);

THENCE South 00 degrees 04 minutes 53 seconds East (Deed-South 0 degrees 09 minutes West, along the centerline of said Poe Road, a distance of 159.09 feet (Deed-154.94 feet) to a P.K. Nail found for the Southeast corner of said Wade tract, same being the Northeast corner of a tract of land conveyed by deed to Gary J. Baker and wife, Deborra L. Baker, recorded in Volume 2004208, Page 1729, Deed Records, Dallas County, Texas;

THENCE South 90 degrees 00 minutes 00 seconds West, leaving the centerline of said Poe Road and along the common line of said Wade and Baker tracts, a distance of 3208.58 feet (Deed-3207.80 feet) to a 1/2 inch iron rod set for corner on the East of Green Acres Addition, an addition to Dallas County, Texas, recorded in Volume 45, Page 107, Map Records, Dallas County, Texas;

THENCE North 00 degrees 06 minutes 10 seconds East (Deed-North 0 degrees 08 minutes 51 seconds East), along the East line of said Green Acres Addition, a distance of 1709.98 feet (Deed-1710.30 feet) to the Point of Beginning and containing a gross area of 109.705 acres (4,778,773 square feet), less 1.945 acres (84,723 square feet) of land in Reindeer Road and Poe Road right of way, leaving a net area of 107.760 acres (4,694,050 square feet) of land.

EXHIBIT "B"

CONSENT CONDITIONS
OF CITY OF LANCASTER, TEXAS

(a) The District will issue bonds or other obligations of the District only for the purposes of:

(1) purchasing and constructing, or purchasing or constructing under contract with the City of Lancaster, or otherwise acquiring waterworks systems, sanitary sewer systems, storm sewer systems, and drainage facilities, or parts of or capacity in such systems or facilities;

(2) purchasing, constructing, or acquiring macadamized, graveled, or paved roads, or in aid thereof;

(3) making any and all necessary purchases, construction, improvements, extensions, additions, and repairs to such systems, facilities, and roads;

(4) purchasing or acquiring all necessary land, right-of-way, easements, sites, equipment, buildings, plants, structures, and facilities for such systems, facilities, and roads; and

(5) creating, operating and maintaining the District and such systems, facilities, and roads.

Such bonds will expressly provide that: the District reserves the right to redeem the bonds on any date subsequent to the tenth (10th) anniversary of the date of issuance without premium; the bonds will be sold only after the taking of public bids therefor; none of such bonds, other than refunding bonds, will be sold for less than 95% of par provided that the net effective interest rate on bonds so sold, taking into account any discount or premium as well as the interest rate borne by such bonds, will not exceed two percent (2%) above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date notice of the sale of such bonds is given; and, bids for the bonds will be received not more than forty-five (45) days after notice of sale of the bonds is given. The resolution authorizing the issuance of the District's bonds will contain a provision that any pledge of the revenues from the operation of the District's water and sewer and/or drainage system to the payment of the District's bonds will terminate when and if the City of Lancaster, Texas, annexes the District, takes over the assets of the District, and assumes all of the obligations of the District. No land located within the extraterritorial jurisdiction of the City of Lancaster will be added or annexed to the District until the City of Lancaster has given its written consent, by resolution or ordinance of the City Council, to such addition or annexation.

(b) The District, its directors, officers, or developers and landowners will submit to the appropriate department of the City of Lancaster all plans and specifications for water, sanitary sewer, and drainage facilities to be constructed to serve the District after the date of the City of Lancaster's resolution consenting to the creation of the District (the "New Facilities") or extensions to facilities existing within the District on the date of the City of Lancaster's resolution consenting to the creation of the District (the "Existing Facilities") and obtain the approval of such plans and specifications therefrom prior to commencement of construction. Any rehabilitation or repair of Existing Facilities shall not require the City of Lancaster's approval of plans and specifications. Prior to the construction of the New Facilities, the District or its engineer will give written notice by registered or certified mail to the Director of the appropriate department of the City of Lancaster, stating the date that such construction will be commenced, and such construction will be in accordance with the approved plans and specifications and the applicable standards and specifications of the City of Lancaster. During the progress of the construction and installation of the New Facilities, the Director of the appropriate department of the City of Lancaster, or an employee thereof, may make periodic on-the-ground inspections at no cost to the District. The District shall employ third-party inspectors to conduct inspections during construction.

RECEIVED JAN 28 2008

PETITION FOR CONSENT TO ADDITION OF LAND
TO A MUNICIPAL UTILITY DISTRICT

THE STATE OF TEXAS §

COUNTY OF DALLAS §

TO THE HONORABLE MAYOR AND CITY
COUNCIL OF THE CITY OF LANCASTER, TEXAS:

The undersigned, Lancaster Municipal Utility District No. 1 (the "District") and Gary J. Baker and Deborra L. Baker (collectively referred to as "Property Owner"), respectfully petition the City of Lancaster, Texas for its consent to the addition of land to the District. In support of this Petition, the District would show the following:

I.

The land sought to be added to the District (the "Tract") is described by metes and bounds in Exhibit "A", attached hereto and made a part hereof for all purposes.

II.

The Tract lies partially within Dallas County, and partially within Ellis County, Texas, and not within the boundaries of any incorporated city or town. The Tract lies wholly within the exclusive extraterritorial jurisdiction of the City of Lancaster, Texas, as such term is determined pursuant to Chapter 42 V.T.C.A. Local Government Code.

III.

Property Owner is the holder of title to the Tract as shown by the Dallas County Tax Rolls and conveyances of record. No person or entity holds a lien on the Tract.

IV.

The District was organized, created and established pursuant to an Order of the Texas Natural Resource Conservation Commission (currently known as the Texas Commission on Environmental Quality) dated March 21, 2002, in accordance with Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended, to provide for:

- (1) the control, storage, preservation, and distribution of its storm water and floodwater, the water of its rivers and streams for irrigation, power and all other useful purposes;
- (2) the reclamation and irrigation of its arid, semiarid, and other land needing irrigation;
- (3) the reclamation and drainage of its overflowed land and other land needing drainage;
- (4) the conservation and development of its forests, water, and hydroelectric power;

EXHIBIT

B-2

- (5) the navigation of its inland and coastal water;
- (6) the control, abatement, and change of any shortage or harmful excess of water;
- (7) the protection, preservation, and restoration of the purity and sanitary condition of water within the state; and
- (8) the preservation of all natural resources of the state.

The District is empowered and authorized to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside and outside its boundaries any and all works, improvements, facilities, plants, equipment, and appliances necessary to accomplish the purposes of its creation.

V.

The general nature of the work to be done by and within the Tract at the present time is the construction, maintenance and operation of a waterworks system for residential and commercial purposes; the construction, maintenance and operation of a sanitary sewer collection system and sewage disposal plant; the control, abatement and amendment of the harmful excess of waters and the reclamation and drainage of overflowed lands within the lands to be included within the District; and the construction, installation, maintenance, purchase and operation of such additional facilities, systems, plants and enterprises as shall be consonant with the purposes for which the District is organized.

VI.

There is a necessity for the improvements above described because the Tract is located within an area that is experiencing substantial and sustained residential and commercial growth, is urban in nature and is not supplied with adequate water, sanitary sewer and drainage facilities and services. The health and welfare of the future inhabitants of the Tract require the acquisition and installation of an adequate waterworks, sanitary sewer and storm drainage system. The purchase, construction, extension, improvement, maintenance and operation of such waterworks system and storm and sanitary sewer collection and disposal systems will conserve and preserve the natural resources of this State by promoting and protecting the purity and sanitary condition of the State's waters and will promote and protect the public health and welfare of the community; therefore, a public necessity exists for the inclusion of the Tract within the District.

VII.

Said proposed improvements are practicable and feasible, in that the terrain of the Tract is of such a nature that a waterworks system and sanitary and storm sewer systems can be constructed at a reasonable cost; and said land will be rapidly developed for commercial, multi-family and residential purposes.

VIII.

A preliminary investigation has been instituted to determine the cost of the project attributable to the Tract, and it is now estimated by those filing this Petition, from such information as they have at this time, that the ultimate cost of the development contemplated will be approximately \$ 6,502,660.00.

WHEREFORE, the undersigned respectfully pray that this Petition be granted in all respects and that the City Council of the City of Lancaster, Texas, adopt a resolution giving its written consent to the addition of the Tract to the District.

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DATED this 12th day of February, 2007.

"DISTRICT":

LANCASTER MUNICIPAL UTILITY
DISTRICT NO. 1

By: [Signature]
President, Board of Directors

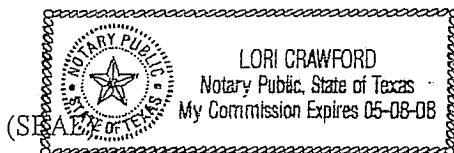
ATTEST:

By: [Signature]
Secretary, Board of Directors

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 12th day of February, 2007, by Gary Thach, President of the Board of Directors of Lancaster Municipal Utility District No. 1, a political subdivision, on behalf of said political subdivision.



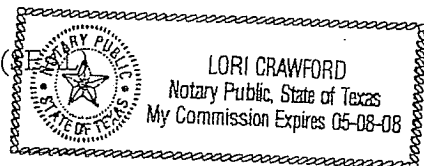
[Signature]
Notary Public in and for the
State of TEXAS

Lori Crawford
Name Printed or Typed
My Commission Expires: 5-8-08

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 12th day of February, 2007, by B. Carter Smith, Secretary of the Board of Directors of Lancaster Municipal Utility District No. 1, a political subdivision, on behalf of said political subdivision.



[Signature]
Notary Public in and for the
State of TEXAS

Lori Crawford
Name Printed or Typed
My Commission Expires: 5-8-08

"PROPERTY OWNER":

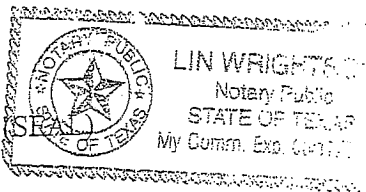
By: [Signature]
Gary J. Baker

By: [Signature]
Deborra L. Baker

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 11th day of February, 2007 by Gary J. Baker in the capacity herein stated.



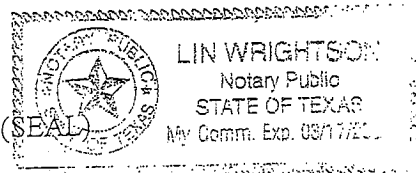
[Signature]
Notary Public in and for the
State of T E X A S

Lin Wrightson
Name Printed or Typed
My Commission Expires: 3-17-07

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 11th day of February, 2007 by Deborra L. Baker in the capacity herein stated.



[Signature]
Notary Public in and for the
State of T E X A S

Lin Wrightson
Name Printed or Typed
My Commission Expires: 3-17-07

Exhibit "A"

All that certain lot, tract or parcel of land situated in the Patrick P. Smith Survey, Abstract No. 1313, Dallas County, Texas, Patrick P. Smith Survey, Abstract No. 1365 and Robert A. Lemmons Survey, Abstract No. 628, Ellis County, Texas, and being known as that tract of land described in a Warranty Deed from Lee Ann Hill & Jess Edwin Wade, Jr. to Karen Lynn Drummond as recorded in Volume 2001038, Page 3064 of the Deed Records of Dallas County and Volume 1764, Page 233 of the Deed Records of Ellis County, Texas, and being more particularly described as follows:

BEGINNING at a $\frac{1}{2}$ " Iron rod with plastic cap stamped "RPLS 4466" found for corner in Poe Road at the most Easterly Southeast corner of the above cited Drummond tract;

THENCE N. 89 deg. 50 min. 55 sec. W. (Directional Control Line) along the South line of said Drummond tract a distance of 2351.32 feet to a $\frac{3}{8}$ " Iron rod found for corner;

THENCE S. 00 deg. 43 min. 19 sec. E. along the most Southerly East line of said Drummond tract, passing a $\frac{1}{2}$ " Iron rod with cap stamped "RPLS 4466" found for witness at a distance of 931.11' and continuing for a total distance of 1023.58 feet to a point for corner in the center of Bear Creek;

THENCE N. 74 deg. 53 min. 24 sec. W. along the center of Bear Creek a distance of 201.77 feet to a point for corner in the center of Bear Creek;

THENCE N. 56 deg. 50 min. 58 sec. W. along the center of Bear Creek a distance of 502.63 feet to a point for corner in the center of Bear Creek;

THENCE S. 00 deg. 06 min. 29 sec. E. leaving Bear Creek a distance of 177.98 feet to a $\frac{1}{2}$ " Iron rod found for corner on the West side of a 20" Pecan Tree, said point also being in the North line of a called 84.6489 acre tract of land described in a Warranty Deed from Jeffrey L. Frazier and Ernest E. Roberts to Harlan Properties, Inc. as recorded in Volume 1816, Page 702 of the Deed Records of Ellis County, Texas;

THENCE S. 89 deg. 36 min. 03 sec. W. along the most Westerly South line of said Drummond tract and the North line of said 84.6489 acre tract and the North line of Prairie View Addition, an Addition to Ellis County, as recorded in Cabinet B, Slide 4 of the Plat Records of Ellis County, Texas a distance of 931.59 feet to a $\frac{1}{2}$ " Iron rod found for corner at the Southwest corner of said Drummond tract, said point also being the most Southerly Southeast corner of a called 26.8313 acre tract of land described in a Warranty Deed from Donald Glen Todd to Jerry D. Keller, et ux as recorded in Volume 1401, Page 137 of the Deed Records of Ellis County, Texas;

THENCE N. 00 deg. 05 min. 43 sec. W. along the most Southerly West line of said Drummond tract and the most Southerly East line of said 26.8313 acre tract a distance of 890.79 feet to a $\frac{1}{2}$ " Iron rod found for corner at the most Westerly Northwest corner of said Drummond tract, said point also being an interior corner of said 26.8313 acre tract;

THENCE S. 89 deg. 46 min. 09 sec. E. along the most Westerly North line of said Drummond tract and the most Easterly South line of said 26.8313 acre tract a distance of 677.14 feet to a $\frac{1}{2}$ " Iron rod with plastic cap stamped "USA INC PROP COR" set (hereinafter called $\frac{1}{2}$ " Iron rod set) for corner at an interior corner of said Drummond tract, said point also being the most Easterly Southeast corner of said 26.8313 acre tract;

THENCE N. 00 deg. 01 min. 23 sec. E. along the most Northerly West line of said Drummond tract and the most Northerly East line of said 26.8313 acre tract a distance of 1053.06 feet to a $\frac{1}{2}$ " Iron rod set for corner at the most Northerly Northwest corner of said Drummond tract, said point also being the Southwest corner of a tract of land described in a Warranty Deed from Karen Lynn Drummond and Lee Ann Hill to Jess Edwin Wade, Jr. as recorded in Volume 2001038, Page 3072 of the Deed Records of Dallas County, Texas;

THENCE N. 89 deg. 55 min. 24 sec. E. along the North line of said Drummond tract and the South line of said Wade tract a distance of 3207.11 feet to a $\frac{1}{2}$ " Iron rod set for corner in Poe Road at the Northeast corner of said Drummond tract, said point also being the Southeast corner of said Wade tract, said point also being S. 00 deg. 06 min. 39 sec. E. a distance of 159.02 feet from a P-K nail found at the intersection of Reindeer Road and Poe Road;

THENCE S. 00 deg. 06 min. 39 sec. E. along Poe Road a distance of 1071.10 feet to the POINT OF BEGINNING and containing 109.711 acres of land.

EXHIBIT "B"

CONSENT CONDITIONS
OF CITY OF LANCASTER, TEXAS

(a) The District will issue bonds or other obligations of the District only for the purposes of:

(1) purchasing and constructing, or purchasing or constructing under contract with the City of Lancaster, or otherwise acquiring waterworks systems, sanitary sewer systems, storm sewer systems, and drainage facilities, or parts of or capacity in such systems or facilities;

(2) purchasing, constructing, or acquiring macadamized, graveled, or paved roads, or in aid thereof;

(3) making any and all necessary purchases, construction, improvements, extensions, additions, and repairs to such systems, facilities, and roads;

(4) purchasing or acquiring all necessary land, right-of-way, easements, sites, equipment, buildings, plants, structures, and facilities for such systems, facilities, and roads; and

(5) creating, operating and maintaining the District and such systems, facilities, and roads.

Such bonds will expressly provide that: the District reserves the right to redeem the bonds on any date subsequent to the tenth (10th) anniversary of the date of issuance without premium; the bonds will be sold only after the taking of public bids therefor; none of such bonds, other than refunding bonds, will be sold for less than 95% of par provided that the net effective interest rate on bonds so sold, taking into account any discount or premium as well as the interest rate borne by such bonds, will not exceed two percent (2%) above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date notice of the sale of such bonds is given; and, bids for the bonds will be received not more than forty-five (45) days after notice of sale of the bonds is given. The resolution authorizing the issuance of the District's bonds will contain a provision that any pledge of the revenues from the operation of the District's water and sewer and/or drainage system to the payment of the District's bonds will terminate when and if the City of Lancaster, Texas, annexes the District, takes over the assets of the District, and assumes all of the obligations of the District. No land located within the extraterritorial jurisdiction of the City of Lancaster will be added or annexed to the District until the City of Lancaster has given its written consent, by resolution or ordinance of the City Council, to such addition or annexation.

(b) The District, its directors, officers, or developers and landowners will submit to the appropriate department of the City of Lancaster all plans and specifications for water, sanitary sewer, and drainage facilities to be constructed to serve the District after the date of the City of Lancaster's resolution consenting to the creation of the District (the "New Facilities") or extensions to facilities existing within the District on the date of the City of Lancaster's resolution consenting to the creation of the District (the "Existing Facilities") and obtain the approval of such plans and specifications therefrom prior to commencement of construction. Any rehabilitation or repair of Existing Facilities shall not require the City of Lancaster's approval of plans and specifications. Prior to the construction of the New Facilities, the District or its engineer will give written notice by registered or certified mail to the Director of the appropriate department of the City of Lancaster, stating the date that such construction will be commenced, and such construction will be in accordance with the approved plans and specifications and the applicable standards and specifications of the City of Lancaster. During the progress of the construction and installation of the New Facilities, the Director of the appropriate department of the City of Lancaster, or an employee thereof, may make periodic on-the-ground inspections at no cost to the District. The District shall employ third-party inspectors to conduct inspections during construction.

RESOLUTION NO. 2008-03-23

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, DENYING THE PETITION OF THE LANCASTER MUNICIPAL UTILITY DISTRICT NO. 1 AND PROPERTY OWNERS GARY J. BAKER AND DEBORRA L. BAKER TO ANNEX ADDITIONAL LAND CONSISTING OF 217.471 ACRES INTO THE LANCASTER MUNICIPAL UTILITY DISTRICT NO. 1, GENERALLY LOCATED ON BEAR CREEK ROAD WITHIN THE EXTRATERRITORIAL JURISDICTION OF CITY OF LANCASTER; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Lancaster, Texas (the "City") consented to the creation of Lancaster Municipal Utility District No. 1 (the "District"), located within the extraterritorial jurisdiction of the City by Resolution No. 22-01; and

WHEREAS, (i) the District and Gary J. Baker have submitted to the City Council of the City, a Petition for Consent to Addition of Land to a Municipal Utility District, requesting the City's consent to the addition of 107.760 acres to the District, and (ii) the District and Gary J. Baker and Debora L. Baker have submitted to the Mayor and City Council of the City, a Petition for Consent to Addition of Land to a Municipal Utility District, requesting the City's consent to the addition of 108.711 acres to the District, copies of which are attached hereto as Exhibit "A" and made a part hereof for all purposes; and

WHEREAS, V.T.C.A. Local Government Code, Section 42.042 provides that land within the extraterritorial jurisdiction of a city may not be included within a municipal utility district without the written consent of such city, town, or village; and

WHEREAS, the inclusion of additional land is not within the benefit of the health, safety and welfare of the citizens of the City of Lancaster and residents of the Lancaster Municipal Utility District No. 1; and,

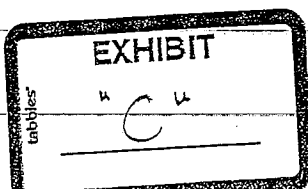
WHEREAS, the City cannot insure that sufficient infrastructure can be provided to such annexed area and potable water cannot be delivered to the annexed area; and

WHEREAS, the City Council desires to adopt Resolution No. 2008-03-23 as set forth herein for the purpose of refusing to consent to the addition of the 217.471 acres to the District.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS:

SECTION 1. That the City of Lancaster hereby denies the petition requests of Lancaster Municipal Utility District No. 1 and property owners Gary J. Baker and Debora L. Baker to consent to the addition of 217.471 acres of land to the District, all of which is within the extraterritorial jurisdiction of the City.

TM 35787.7.000



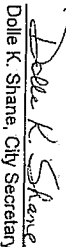
SECTION 2. That the City of Lancaster strongly urges the Texas Commission on Environmental Quality (TCEQ) to deny any appeal or request to include or annex any such additional land into said District as a result of health, safety and welfare concerns.

SECTION 3. That the City Manager or his designee is authorized to oppose such annexation and to take such actions that are necessary and within the law to oppose annexation or addition of any land into MUD #1.

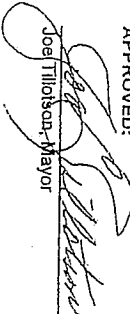
SECTION 4. This Resolution shall become effective immediately from and after its passage, as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas on this the 10th day of March 2008.

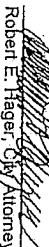
ATTEST:


Dolle K. Shane,
City Secretary

APPROVED:


Joe Tillison, Mayor

APPROVED AS TO FORM:


Robert E. Hager, City Attorney

RECEIVED JAN 28 2008

1
PETITION FOR CONSENT TO ADDITION OF LAND
TO A MUNICIPAL UTILITY DISTRICT

THE STATE OF TEXAS §
COUNTY OF DALLAS §
TO THE HONORABLE MAYOR AND CITY
COUNCIL OF THE CITY OF LANCASTER, TEXAS:

The undersigned, Lancaster Municipal Utility District No. 1 (the "District") and Gary J. Baker ("Property Owner"), respectfully petition the City of Lancaster, Texas for its consent to the addition of land to the District. In support of this petition, the District would show the following:

I.
The land sought to be added to the District (the "Tract") is described by notes and bounds in Exhibit "A", attached hereto and made a part hereof for all purposes.

II.
The Tract lies wholly within Dallas County, Texas, and not within the boundaries of any incorporated city or town. The Tract lies wholly within the exclusive extrajurisdictional jurisdiction of the City of Lancaster, Texas, as such term is determined pursuant to Chapter 42 V.T.C.A. Local Government Code.

III.
Property Owner is the holder of title to the Tract as shown by the Tarrant County Tax Rolls and conveyances of record. No person or entity holds a lien on the Tract, except for Jess Edwin Wade, Jr.

IV.
The District was organized, created and established pursuant to an Order of the Texas Natural Resource Conservation Commission (currently known as the Texas Commission on Environmental Quality) dated March 21, 2002, in accordance with Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended, to provide for:

- (1) the control, storage, preservation, and distribution of its storm water and floodwater, the water of its rivers and streams for irrigation, power and all other useful purposes;
- (2) the reclamation and irrigation of its arid, semiarid, and other land needing irrigation;
- (3) the reclamation and drainage of its overflowed land and other land needing drainage;
- (4) the conservation and development of its forests, water, and hydroelectric power;
- (5) the navigation of its inland and coastal water;

- (6) the control, abatement, and change of any shortage or harmful excess of water;
- (7) the protection, preservation, and restoration of the purity and sanitary condition of water within the state; and
- (8) the preservation of all natural resources of the state.

The District is empowered and authorized to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside and outside its boundaries any and all works, improvements, facilities, plants, equipment, and appliances necessary to accomplish the purposes of its creation.

V.

The general nature of the work to be done by and within the Tract at the present time is the construction, maintenance and operation of a waterworks system for residential and commercial purposes; the construction, maintenance and operation of a sanitary sewer collection system and sewage disposal plant; the control, abatement and amendment of the harmful excess of waters and the reclamation and drainage of overflowed lands within the lands to be included within the District and the construction and installation, maintenance, purchase and operation of such additional facilities, systems, plants and enterprises as shall be consonant with the purposes for which the District is organized.

VI.

There is a necessity for the improvements above described because the Tract is located within an area that is experiencing substantial and sustained residential and commercial growth; is urban in nature and is not supplied with adequate water, sanitary sewer and drainage facilities and services. The health and welfare of the future inhabitants of the Tract require the acquisition and installation of an adequate waterworks, sanitary sewer and storm drainage system. The purchase, construction, extension, improvement, maintenance and operation of such waterworks system and storm and sanitary sewer collection and disposal systems will conserve and preserve the natural resources of this State by promoting and protecting the purity and sanitary condition of the State's waters and will promote and protect the public health and welfare of the community; therefore, a public necessity exists for the inclusion of the Tract within the District.

VII.

Said proposed improvements are practicable and feasible, in that the terrain of the Tract is of such a nature that a waterworks system and sanitary and storm sewer systems can be constructed at a reasonable cost; and said land will be rapidly developed for commercial, multi-family and residential purposes.

VIII.

A preliminary investigation has been instituted to determine the cost of the project attributable to the Tract, and it is now estimated by those filing this Petition, from such information as they have at this time, that the ultimate cost of the development contemplated will be approximately \$ 7,400,000.00.

WHEREFORE, the undersigned respectfully pray that this Petition be granted in all respects and that the City Council of the City of Lancaster, Texas, adopt a resolution giving its written consent to the addition of the Tract to the District.

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DATED this 24th day of February, 2007.

"DISTRICT":

LANCASTER MUNICIPAL UTILITY
DISTRICT NO. 1

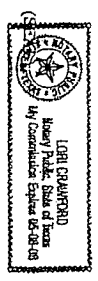
By: [Signature]
President, Board of Directors

ATTEST:

By: [Signature]
Secretary, Board of Directors

THE STATE OF TEXAS §
COUNTY OF DALLAS §

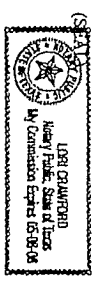
This instrument was acknowledged before me on the 24th day of February, 2007, by Gary Lach, President of the Board of Directors of Lancaster Municipal Utility District No. 1, a political subdivision, on behalf of said political subdivision.



[Signature]
Notary Public in and for the
State of TEXAS
Lori Crawford
Name Printed or Typed
My Commission Expires: 5-8-08

THE STATE OF TEXAS §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 24th day of February, 2007, by Rhonda Smith, Secretary of the Board of Directors of Lancaster Municipal Utility District No. 1, a political subdivision, on behalf of said political subdivision.



Notary Public in and for the
State of TEXAS
[Signature]
Name Printed or Typed
My Commission Expires: 5-8-08
Lori Crawford

"PROPERTY OWNER":

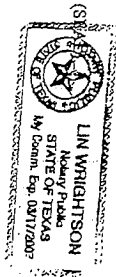
By: _____

Gary J. Baker

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 14th day of February, 2007 by Gary J. Baker in the capacity herein stated.



Notary Public in and for the
State of TEXAS

Lin Wrightson
Name Printed or Typed
My Commission Expires: 3-17-07

EXHIBIT "A"

Being a tract of land situated in the PATRICK SMITH SURVEY, Abstract No. 1313, Dallas County, Texas and a tract of land conveyed by Deed to Jess Edwin Wade, Jr., recorded in Volume 2001038, Page 3072, Deed Records, Dallas County, Texas and being more particularly described as follows:

Beginning at a 1/2 inch iron rod found for the Northwest corner of said Wade tract, said point also being in the centerline of Reindeer Road (called 40 foot R.O.W.);

THENCE with 90 degrees 00 minutes 00 seconds East, along the centerline of said Reindeer Road, a distance of 2296.33 feet (Deed-2296.22 feet) to a P.K. Nail found for the most Northerly-Northeast corner of said Wade tract;

THENCE South 30 degrees 22 minutes 25 seconds East (Deed-South 30 degrees 15 minutes East), along the centerline of said Reindeer Road, a distance of 1757.63 feet (Deed-1801.56 feet) to a P.K. Nail found for the most Easterly-Northeast corner of said Wade tract, also being the intersection of the centerline of said Reindeer Road with the centerline intersection of Poe Road (called 50 foot R.O.W.);

THENCE South 00 degrees 04 minutes 53 seconds East (Deed-South 0 degrees 09 minutes West, along the centerline of said Poe Road, a distance of 159.09 feet (Deed-154.94 feet) to a P.K. Nail found for the Southeast corner of said Wade tract, same being the Northeast corner of a tract of land conveyed by deed to Gary J. Baker and wife, Deborah L. Baker, recorded in Volume 2004208, Page 1729, Deed Records, Dallas County, Texas;

THENCE South 90 degrees 00 minutes 00 seconds West, leaving the centerline of said Poe Road and along the common line of said Wade and Baker tracts, a distance of 3208.58 feet (Deed-3207.80 feet) to a 1/2 inch iron rod set for corner on the East of Green Acres Addition, an addition to Dallas County, Texas, recorded in Volume 45, Page 107, Map Records, Dallas County, Texas;

THENCE North 00 degrees 06 minutes 10 seconds East (Deed-North 0 degrees 08 minutes 51 seconds East) along the East line of said Green Acres Addition, a distance of 1709.36 feet (Deed-1710.30 feet) to the point of Beginning land containing a gross area of 109.705 acres (4,778.773 square feet), less 1.945 acres (84,723 square feet) of land in Reindeer Road and Poe Road right of way, leaving a net area of 107.760 acres (4,694.050 square feet) of land.

RECEIVED JAN 28 2008

PETITION FOR CONSENT TO ADDITION OF LAND
TO A MUNICIPAL UTILITY DISTRICT

THE STATE OF TEXAS §
COUNTY OF DALLAS . §

TO THE HONORABLE MAYOR AND CITY
COUNCIL OF THE CITY OF LANCASTER, TEXAS:

The undersigned, Lancaster Municipal Utility District No. 1 (the "District") and Gary J. Baker and Debra L. Baker (collectively referred to as "Property Owner"), respectfully petition the City of Lancaster, Texas for its consent to the addition of land to the District. In support of this Petition, the District would show the following:

I.
The land sought to be added to the District (the "Tract") is described by acres and bounds in Exhibit "A", attached hereto and made a part hereof for all purposes.

II.
The Tract lies partially within Dallas County, and partially within Ellis County, Texas, and not within the boundaries of any incorporated city or town. The Tract lies wholly within the exclusive extrajurisdiction of the City of Lancaster, Texas, as such term is determined pursuant to Chapter 42 V.T.C.A. Local Government Code.

III.
Property Owner is the holder of title to the Tract as shown by the Dallas County Tax Rolls and conveyances of record. No person or entity holds a lien on the Tract.

IV.
The District was organized, created and established pursuant to an Order of the Texas Natural Resource Conservation Commission (currently known as the Texas Commission on Environmental Quality) dated March 21, 2002, in accordance with Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended, to provide for:

- (1) the control, storage, preservation, and distribution of its storm water and floodwater, the water of its rivers and streams for irrigation, power and all other useful purposes;
- (2) the reclamation and irrigation of its arid, semiarid, and other land needing irrigation;
- (3) the reclamation and drainage of its overflowed land and other land needing drainage;
- (4) the conservation and development of its forests, water, and hydroelectric power;

- (5) the navigation of its inland and coastal water;
- (6) the control, abatement, and change of any shortage or harmful excess of water;
- (7) the protection, preservation, and restoration of the purity and sanitary condition of water within the state; and
- (8) the preservation of all natural resources of the state.

The District is empowered and authorized to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside and outside its boundaries any and all works, improvements, facilities, plants, equipment, and appliances necessary to accomplish the purposes of its creation.

V.

The general nature of the work to be done by and within the Tract at the present time is the construction, maintenance and operation of a waterworks system for residential and commercial purposes; the construction, maintenance and operation of a sanitary sewer collection system and sewage disposal plant; the control, abatement and amendment of the harmful excess of waters and the reclamation and drainage of overflowed lands within the lands to be included within the District; and the construction, installation, maintenance, purchase and operation of such additional facilities, systems, plants and enterprises as shall be consonant with the purposes for which the District is organized.

VI.

There is a necessity for the improvements above described because the Tract is located within an area that is experiencing substantial and sustained residential and commercial growth, is urban in nature and is not supplied with adequate water, sanitary sewer and drainage facilities and services. The health and welfare of the future inhabitants of the Tract require the acquisition and installation of an adequate waterworks, sanitary sewer and storm drainage system. The purchase, construction, extension, improvement, maintenance and operation of such waterworks system and storm and sanitary sewer collection and disposal systems will conserve and preserve the natural resources of this State by promoting and protecting the purity and sanitary condition of the State's waters and will promote and protect the public health and welfare of the community; therefore, a public necessity exists for the inclusion of the Tract within the District.

VII.

Said proposed improvements are practicable and feasible, in that the terrain of the Tract is of such a nature that a waterworks system and sanitary and storm sewer systems can be constructed at a reasonable cost, and said land will be rapidly developed for commercial, multi-family and residential purposes.

VII.

A preliminary investigation has been instituted to determine the cost of the project attributable to the Tract, and it is now estimated by those filing this Petition, from such information as they have at this time, that the ultimate cost of the development contemplated will be approximately \$ 6,582,440.

WHEREFORE, the undersigned respectfully pray that this Petition be granted in all respects and that the City Council of the City of Lancaster, Texas, adopt a resolution giving its written consent to the addition of the Tract to the District.

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DATED this 12th day of February, 2007.

"DISTRICT":

LANCASTER MUNICIPAL UTILITY
DISTRICT NO. 1

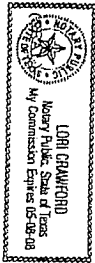
ATTEST:

[Signature]
By: [Signature]
Secretary, Board of Directors

By: [Signature]
President, Board of Directors

THE STATE OF TEXAS §
COUNTY OF DALLAS §

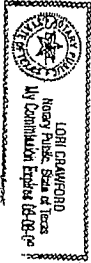
This instrument was acknowledged before me on the 12th day of February, 2007, by
Gay Mack, President of the Board of Directors of Lancaster Municipal Utility
District No. 1, a political subdivision, on behalf of said political subdivision.



[Signature]
Notary Public in and for the
State of TEXAS
Lori Crawford
Name Printed or Typed
My Commission Expires: 5-8-08

THE STATE OF TEXAS §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 12th day of February, 2007,
by B. Lacey Smith, Secretary of the Board of Directors of Lancaster Municipal Utility
District No. 1, a political subdivision, on behalf of said political subdivision.



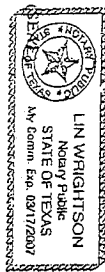
[Signature]
Notary Public in and for the
State of TEXAS
Lori Crawford
Name Printed or Typed
My Commission Expires: 5-8-08

"PROPERTY OWNER":

By: *[Signature]*
Gary J. Baker
By: *[Signature]*
Debona L. Baker

THE STATE OF TEXAS §
COUNTY OF DALLAS §

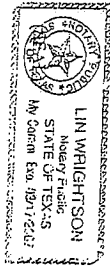
This instrument was acknowledged before me on the 14th day of February, 2007 by Gary J. Baker in the capacity herein stated.



[Signature]
Notary Public in and for the
State of TEXAS
Lin Wrightson
Name Printed or Typed
My Commission Expires: 3-17-07

THE STATE OF TEXAS §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 14th day of February, 2007 by Debona L. Baker in the capacity herein stated.



[Signature]
Notary Public in and for the
State of TEXAS
Lin Wrightson
Name Printed or Typed
My Commission Expires: 3-17-07

Exhibit "A"

At least certain lot, tract or parcel of land situated in the Patrick P. Smith Survey, Abstract No. 1313, Dallas County, Texas, Patrick P. Smith Survey, Abstract No. 1355 and Robert A. Lemmon Survey, Abstract No. 1356, and the land therein, and being more or less tract of land described in a Warranty Deed from Lee Ann Hill & Jack Edna Wooten, dated and recorded in Volume 1817, Page 702 of the Deed Records of Ellis County, Texas, and being more particularly described as follows:

BEGINNING at a 1/4 section with plastic cap stamped "RPLS 4468" found for corner in Peas Road at the most Easternly Southeast corner of the above called Dunnwood tract;

THENCE N. 89 deg. 50 min. 55 sec. W. (Obedience Cont'd Lty) along the South line of said Dunnwood tract a distance of 2351.32 feet to a 3/8" iron rod found for corner;

THENCE S. 00 deg. 43 min. 18 sec. E. along the most Southernly East line of said Dunnwood tract, passing a 1/4" iron rod with cap stamped "RPLS 4468" found for witness at a distance of 831.41' and continuing for a total distance of 1023.55 feet to a point for corner in the center of Bear Creek;

THENCE N. 74 deg. 33 min. 24 sec. W. along the center of Bear Creek a distance of 201.77 feet to a point for corner in the center of Bear Creek;

THENCE N. 55 deg. 50 min. 58 sec. W. along the center of Bear Creek a distance of 502.63 feet to a point for corner in the center of Bear Creek;

THENCE S. 00 deg. 06 min. 28 sec. E. leaving Bear Creek a distance of 177.28 feet to a 1/4" iron rod found for corner on the West side of a 20' Peas Road, said point also being in the North line of a certain tract of land described in a Warranty Deed from Jeffrey L. Foster and Ernest E. Roberts to Hudson Properties, Inc. as recorded in Volume 1817, Page 702 of the Deed Records of Ellis County, Texas;

THENCE S. 89 deg. 36 min. 03 sec. W. along the most Southernly South line of said Dunnwood tract and the North line of said 64.6489 acre tract, passing a 1/4" iron rod found for witness at a distance of 831.41' and continuing for a total distance of 1023.55 feet to a 1/4" iron rod found for corner in the center of the South line of said Dunnwood tract, said point also being the most Southernly Southeast corner of a certain tract of land described in a Warranty Deed from David Glen Todd to Jerry D. Keller, et ux as recorded in Volume 1401, Page 137 of the Deed Records of Ellis County, Texas;

THENCE N. 00 deg. 05 min. 43 sec. W. along the most Southernly West line of said Dunnwood tract and the most Southernly East line of said 28.8313 acre tract a distance of 808.29 feet to a 1/4" iron rod found for corner of the most Westernly Northwest corner of said Dunnwood tract, said point also being on the West line of said 28.8313 acre tract;

THENCE S. 89 deg. 46 min. 08 sec. E. along the most Westernly North line of said Dunnwood tract and the most Easternly South line of said 28.8313 acre tract a distance of 877.14 feet to a 1/4" iron rod found for corner of the most Westernly Northwest corner of said Dunnwood tract, said point also being on the West line of said 28.8313 acre tract;

THENCE N. 00 deg. 01 min. 23 sec. E. along the most Northernly West line of said Dunnwood tract and the most Northernly East line of said 28.8313 acre tract a distance of 1033.06 feet to a 1/4" iron rod found for corner of the most Northernly Northwest corner of said Dunnwood tract, said point also being on the West line of said 28.8313 acre tract;

THENCE N. 89 deg. 36 min. 24 sec. E. along the North line of said Dunnwood tract and the South line of said 28.8313 acre tract a distance of 1071.10 feet to the point for BEGINNING and continuing 109.711 acres of land;

EXHIBIT "B"
CONSENT CONDITIONS
OF CITY OF LANCASTER, TEXAS

- (a) The District will issue bonds or other obligations of the District only for the purposes of:
- (1) purchasing and constructing, or purchasing or constructing under contract with the City of Lancaster, or otherwise acquiring waterworks systems, sanitary sewer systems, storm sewer systems, and drainage facilities, or parts of or capacity in such systems or facilities;
 - (2) purchasing, constructing, or acquiring macadamized, gravelled, or paved roads, or in aid thereof;
 - (3) making any and all necessary purchases, construction, improvements, extensions, additions, and repairs to such systems, facilities, and roads;
 - (4) purchasing or acquiring all necessary land, right-of-way, easements, sites, equipment, buildings, plants, structures, and facilities for such systems, facilities, and roads; and
 - (5) creating, operating and maintaining the District and such systems, facilities, and roads.

Such bonds will expressly provide that: the District reserves the right to redeem the bonds on any date subsequent to the tenth (10th) anniversary of the date of issuance without premium; the bonds will be sold only after the taking of public bids therefor, none of such bonds, other than refunding bonds, will be sold for less than 95% of par provided that the net effective interest rate on bonds so sold, taking into account any discount or premium as well as the interest rate borne by such bonds, will not exceed two percent (2%) above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date notice of the sale of such bonds is given; and, bids for the bonds will be received not more than forty-five (45) days after notice of sale of the bonds is given. The resolution authorizing the issuance of the District's bonds will contain a provision that any pledge of the revenues from the operation of the District's water and sewer and/or drainage system to the payment of the District's bonds will terminate when and if the City of Lancaster, Texas, annexes the District, takes over the assets of the District, and assumes all of the obligations of the District. No land located within the extraterritorial jurisdiction of the City of Lancaster will be added or annexed to the District until the City of Lancaster has given its written consent, by resolution or ordinance of the City Council, to such addition or annexation.

(b) The District, its directors, officers, or developers and landowners will submit to the appropriate department of the City of Lancaster all plans and specifications for water, sanitary sewer, and drainage facilities to be constructed to serve the District after the date of the City of Lancaster's resolution consenting to the creation of the District (the "New Facilities") or extensions to facilities existing within the District on the date of the City of Lancaster's resolution consenting to the creation of the District (the "Existing Facilities") and obtain the approval of such plans and specifications therefrom prior to commencement of construction. Any rehabilitation or repair of Existing Facilities shall not require the City of Lancaster's approval of plans and specifications. Prior to the construction of the New Facilities, the District or its engineer will give written notice by registered or certified mail to the Director of the appropriate department of the City of Lancaster, stating the date that such construction will be commenced, and such construction will be in accordance with the approved plans and specifications and the applicable standards and specifications of the City of Lancaster. During the progress of the construction and installation of the New Facilities, the Director of the appropriate department of the City of Lancaster, or an employee thereof, may make periodic on-the-ground inspections at no cost to the District. The District shall employ third-party inspectors to conduct inspections during construction.

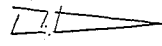


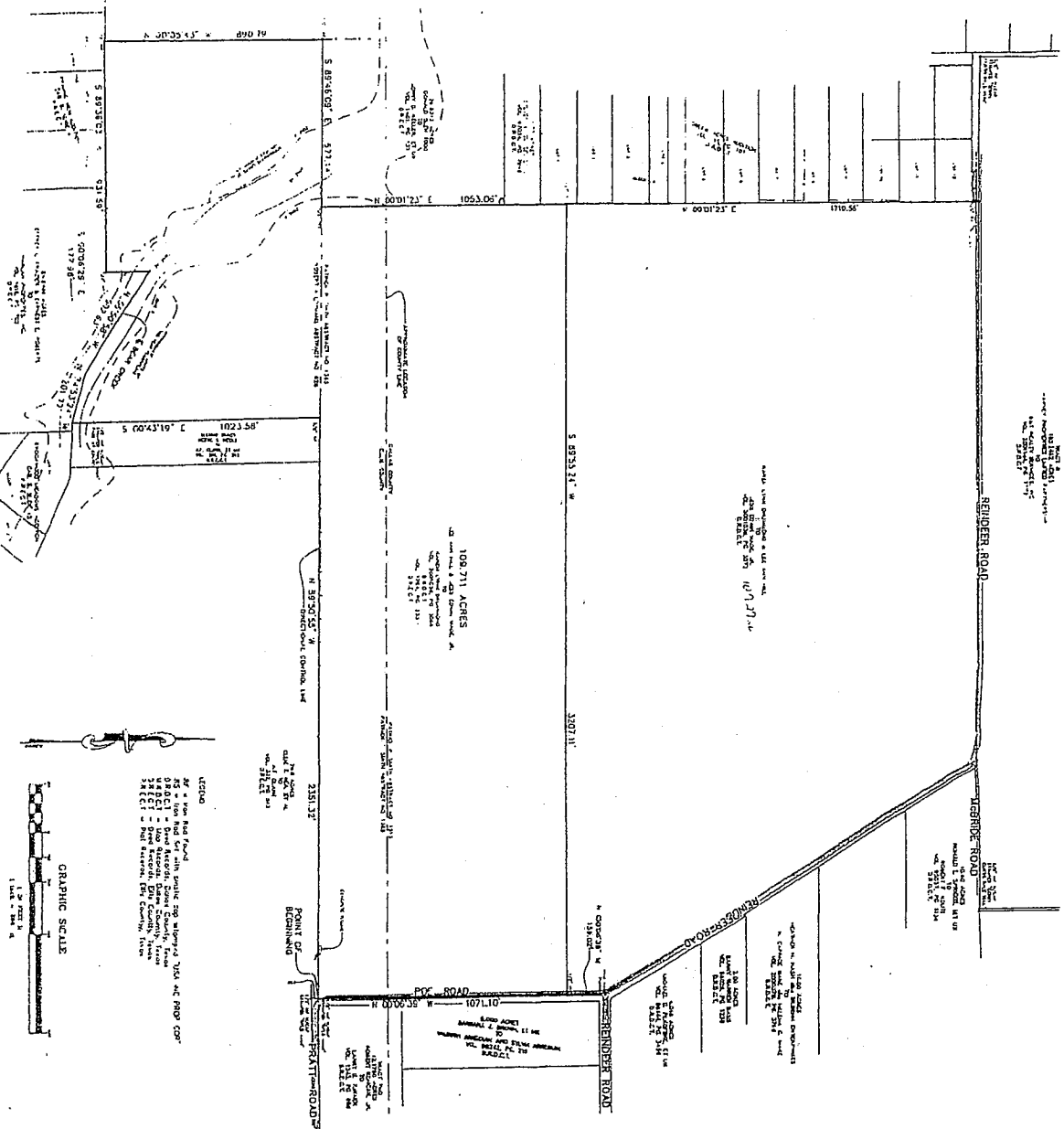
Figure 1

State - Total
2014 to Present

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BOUNDARY SURVEY

Drum : 3210 Date : 22/11/2019



BOUNDARY SURVEY
 108.711 acres of land
 situated in the
 PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313
 DALLAS COUNTY, TEXAS
 ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638
 ELIAS COUNTY, TEXAS

US1 Professional Services Group, Inc.
 Civil Engineers 8700 Westport Parkway, Suite 400
 Dallas, Texas 75247
 (214) 634-3100 to (214) 634-1118

JUNE 11, 2002

1. The survey was made for the purpose of showing the boundaries of the 108.711-acre tract, as described in the plat of the PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313, DALLAS COUNTY, TEXAS, and the ELIAS COUNTY, TEXAS, and the boundaries of the 108.711-acre tract, as described in the plat of the ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638, ELIAS COUNTY, TEXAS.

2. The survey was made for the purpose of showing the boundaries of the 108.711-acre tract, as described in the plat of the PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313, DALLAS COUNTY, TEXAS, and the boundaries of the 108.711-acre tract, as described in the plat of the ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638, ELIAS COUNTY, TEXAS.

3. The survey was made for the purpose of showing the boundaries of the 108.711-acre tract, as described in the plat of the PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313, DALLAS COUNTY, TEXAS, and the boundaries of the 108.711-acre tract, as described in the plat of the ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638, ELIAS COUNTY, TEXAS.

4. The survey was made for the purpose of showing the boundaries of the 108.711-acre tract, as described in the plat of the PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313, DALLAS COUNTY, TEXAS, and the boundaries of the 108.711-acre tract, as described in the plat of the ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638, ELIAS COUNTY, TEXAS.

5. The survey was made for the purpose of showing the boundaries of the 108.711-acre tract, as described in the plat of the PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313, DALLAS COUNTY, TEXAS, and the boundaries of the 108.711-acre tract, as described in the plat of the ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638, ELIAS COUNTY, TEXAS.

6. The survey was made for the purpose of showing the boundaries of the 108.711-acre tract, as described in the plat of the PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313, DALLAS COUNTY, TEXAS, and the boundaries of the 108.711-acre tract, as described in the plat of the ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638, ELIAS COUNTY, TEXAS.

7. The survey was made for the purpose of showing the boundaries of the 108.711-acre tract, as described in the plat of the PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313, DALLAS COUNTY, TEXAS, and the boundaries of the 108.711-acre tract, as described in the plat of the ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638, ELIAS COUNTY, TEXAS.

8. The survey was made for the purpose of showing the boundaries of the 108.711-acre tract, as described in the plat of the PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313, DALLAS COUNTY, TEXAS, and the boundaries of the 108.711-acre tract, as described in the plat of the ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638, ELIAS COUNTY, TEXAS.

9. The survey was made for the purpose of showing the boundaries of the 108.711-acre tract, as described in the plat of the PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313, DALLAS COUNTY, TEXAS, and the boundaries of the 108.711-acre tract, as described in the plat of the ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638, ELIAS COUNTY, TEXAS.

10. The survey was made for the purpose of showing the boundaries of the 108.711-acre tract, as described in the plat of the PATRICK P. SMITH SURVEY, ABSTRACT NO. 1313, DALLAS COUNTY, TEXAS, and the boundaries of the 108.711-acre tract, as described in the plat of the ROBERT A. LEHMAN SURVEY, ABSTRACT NO. 638, ELIAS COUNTY, TEXAS.



**PETITION FOR WATER
AND SANITARY SEWER SERVICE**

THE STATE OF TEXAS

§
§
§

COUNTIES OF DALLAS AND ELLIS

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF LANCASTER,
TEXAS:

The undersigned GARY J. BAKER, as owner of the 107.760 acre tract of land described in the attached Exhibit "A-1," and GARY J. BAKER and DEBORRA L. BAKER, as owners of the 109.711 acre tract of land described in the attached Exhibit "A-2" (collectively referred to herein as the "Petitioner"), acting pursuant to Section 54.016, Texas Water Code, as amended, and Section 42.0425, Texas Local Government Code, as amended, respectfully petitions this Honorable Council of the City of Lancaster, Texas (the "City") for water and sanitary sewer service to serve the land described below and located within the City's extraterritorial jurisdiction.

I.

On January 28, 2008, (i) Gary J. Baker and Lancaster Municipal Utility District No. 1 (the "District") submitted to the City, a Petition for Consent to Addition of Land to a Municipal Utility District, requesting the City's consent to the addition of the 107.760 acres described in the attached Exhibit "A-1" to the District, and (ii) Gary J. Baker and Deborra L. Baker and the District submitted to the City, a Petition for Consent to Addition of Land to a Municipal Utility District, requesting the City's consent to the addition of the 109.711 acres described in the attached Exhibit "A-2" to the District (the 107.760 acres described in the attached Exhibit "A-1" and the 109.711 acres described in the attached Exhibit "A-2" collectively referred to herein as the "Land").

II.

Pursuant to Resolution No. 2008-03-23 the City denied the request of the Petitioner and the District to consent to the addition of the Land to the District.

III.

Petitioner requests that the City make water and sanitary sewer service available to the Land referenced in Exhibits "A-1" and "A-2" and as also depicted in Exhibit "B" attached hereto.

IV.

There are no qualified voters residing on the Land.

V.

Petitioner hereby petitions the Honorable Council of the City and requests that the City make available to the Land the water and sanitary sewer service contemplated to be provided by the District by entering into a mutually agreeable contract with the undersigned to provide for the requested water and sanitary sewer service as provided under Section 54.016(b) and (c), Texas Water Code, as amended, and Section 42.042(b) and (c), Texas Local Government Code, as amended.

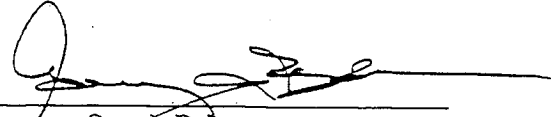
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RESPECTFULLY SUBMITTED this 6 day of JUNE, 2008.

"Petitioner"

Owner of the 107.760 acres of the
Land described in Exhibit "A-1"


By:


Gary J. Baker

Executed on 5 JUNE, 2008.

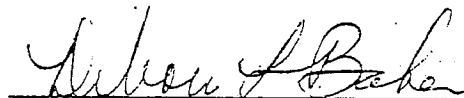
Owners of the 109.711 acres of the
Land described in Exhibit "A-2"

By:


Gary J. Baker

Executed on 5 JUNE, 2008.

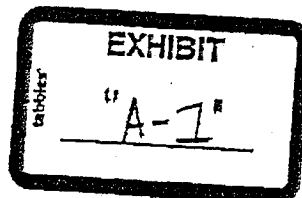
By:


Deborra L. Baker

Executed on 5 JUNE, 2008.

EXHIBITS "A-1" AND "A-2"

DESCRIPTION OF THE AREA TO BE SERVICED



Being a tract of land situated in the PATRICK SMITH SURVEY, Abstract No. 1313, Dallas County, Texas and a tract of land conveyed by Deed to Jess Edwin Wade, Jr., recorded in Volume 2001038, Page 3072, Deed Records, Dallas County, Texas and being more particularly described as follows:

Beginning at a 1/2 inch iron rod found for the Northwest corner of said Wade tract, said point also being in the centerline of Reindeer Road (called 40 foot R.O.W.);

THENCE with 90 degrees 00 minutes 00 seconds East, along the centerline of said Reindeer Road, a distance of 2296.33 feet (Deed-2296.22 feet) to a P.K. Nail found for the most Northerly-Northeast corner of said Wade tract;

THENCE South 30 degrees 22 minutes 25 seconds East (Deed-South 30 degrees 15 minutes East), along the centerline of said Reindeer Road, a distance of 1797.63 feet (Deed-1801.56 feet) to a P.K. Nail found for the most Easterly-Northeast corner of said Wade tract, also being the intersection of the centerline of said Reindeer Road with the centerline intersection of Poe Road (Called 50 foot R.O.W.);

THENCE South 00 degrees 04 minutes 53 seconds East (Deed-South 0 degrees 09 minutes West, along the centerline of said Poe Road, a distance of 159.09 feet (Deed-154.94 feet) to a P.K. Nail found for the Southeast corner of said Wade tract, same being the Northeast corner of a tract of land conveyed by deed to Gary J. Baker and wife, Deborra L. Baker, recorded in Volume 2004208, Page 1729, Deed Records, Dallas County, Texas;

THENCE South 90 degrees 00 minutes 00 seconds West, leaving the centerline of said Poe Road and along the common line of said Wade and Baker tracts, a distance of 3208.58 feet (Deed-3207.80 feet) to a 1/2 inch iron rod set for corner on the East of Green Acres Addition, an addition to Dallas County, Texas, recorded in Volume 45, Page 107, Map Records, Dallas County, Texas;

THENCE North 00 degrees 06 minutes 10 seconds East (Deed-North 0 degrees 08 minutes 51 seconds East), along the East line of said Green Acres Addition, a distance of 1709.98 feet (Deed-1710.30 feet) to the Point of Beginning and containing a gross area of 109.705 acres (4,778,773 square feet), less 1.945 acres (84,723 square feet) of land in Reindeer Road and Poe Road right of way, leaving a net area of 107.760 acres (4,694,050 square feet) of land.

EXHIBIT

"A-2"

All that certain lot, tract or parcel of land situated in the Patrick P. Smith Survey, Abstract No. 1313, Dallas County, Texas, Patrick P. Smith Survey, Abstract No. 1365 and Robert A. Lemmons Survey, Abstract No. 625, Ellis County, Texas, and being known as that tract of land described in a Warranty Deed from Lee Ann Hill & Jess Edwin Wade, Jr. to Karen Lynn Drummond as recorded in Volume 2001038, Page 3064 of the Deed Records of Dallas County and Volume 1764, Page 233 of the Deed Records of Ellis County, Texas, and being more particularly described as follows:

BEGINNING at a $\frac{1}{2}$ " iron rod with plastic cap stamped "RPLS 4466" found for corner in Poe Road at the most Easterly Southeast corner of the above cited Drummond tract;

THENCE N. 89 deg. 50 min. 55 sec. W. (Directional Control Line) along the South line of said Drummond tract a distance of 2351.32 feet to a $\frac{3}{8}$ " iron rod found for corner;

THENCE S. 00 deg. 43 min. 19 sec. E. along the most Southerly East line of said Drummond tract, passing a $\frac{1}{2}$ " iron rod with cap stamped "RPLS 4466" found for witness at a distance of 931.11' and continuing for a total distance of 1023.58 feet to a point for corner in the center of Bear Creek;

THENCE N. 74 deg. 53 min. 24 sec. W. along the center of Bear Creek a distance of 201.77 feet to a point for corner in the center of Bear Creek;

THENCE N. 56 deg. 50 min. 58 sec. W. along the center of Bear Creek a distance of 502.63 feet to a point for corner in the center of Bear Creek;

THENCE S. 00 deg. 06 min. 29 sec. E. leaving Bear Creek a distance of 177.98 feet to a $\frac{1}{2}$ " iron rod found for corner on the West side of a 20" Pecan Tree, said point also being in the North line of a called 84.6489 acre tract of land described in a Warranty Deed from Jeffrey L. Frazier and Ernest E. Roberts to Marion Properties, Inc. as recorded in Volume 1815, Page 702 of the Deed Records of Ellis County, Texas;

THENCE S. 89 deg. 36 min. 03 sec. W. along the most Westerly South line of said Drummond tract and the North line of said 84.6489 acre tract and the North line of Prairie View Addition, an Addition to Ellis County, as recorded in Cabinet B, Slide 4 of the Plat Records of Ellis County, Texas a distance of 931.59 feet to a $\frac{1}{2}$ " iron rod found for corner at the Southwest corner of said Drummond tract, said point also being the most Southerly Southeast corner of a called 26.8313 acre tract of land described in a Warranty Deed from Donald Glen Todd to Jerry D. Keller, et ux as recorded in Volume 1401, Page 137 of the Deed Records of Ellis County, Texas;

THENCE N. 00 deg. 05 min. 43 sec. W. along the most Southerly West line of said Drummond tract and the most Southerly East line of said 26.8313 acre tract a distance of 890.79 feet to a $\frac{1}{2}$ " iron rod found for corner at the most Westerly Northwest corner of said Drummond tract, said point also being an interior corner of said 26.8313 acre tract;

THENCE S. 89 deg. 46 min. 08 sec. E. along the most Westerly North line of said Drummond tract and the most Easterly South line of said 26.8313 acre tract a distance of 677.14 feet to a $\frac{1}{2}$ " iron rod with plastic cap stamped "USA INC PROP COR" set (hereinafter called $\frac{1}{2}$ " iron rod set) for corner at an interior corner of said Drummond tract, said point also being the most Easterly Southeast corner of said 26.8313 acre tract;

THENCE N. 00 deg. 01 min. 23 sec. E. along the most Northerly West line of said Drummond tract and the most Northerly East line of said 26.8313 acre tract a distance of 1053.06 feet to a $\frac{1}{2}$ " iron rod set for corner at the most Northerly Northwest corner of said Drummond tract, said point also being the Southwest corner of a tract of land described in a Warranty Deed from Karen Lynn Drummond and Lee Ann Hill to Jess Edwin Wade, Jr. as recorded in Volume 2001038, Page 3072 of the Deed Records of Dallas County, Texas;

THENCE N. 89 deg. 55 min. 24 sec. E. along the North line of said Drummond tract and the South line of said Wade tract a distance of 3207.11 feet to a $\frac{1}{2}$ " iron rod set for corner in Poe Road at the Northeast corner of said Drummond tract, said point also being the Southeast corner of said Wade tract, said point also being S. 00 deg. 08 min. 39 sec. E. a distance of 159.02 feet from a P-K nail found at the intersection of Reindeer Road and Poe Road;

THENCE S. 00 deg. 06 min. 39 sec. E. along Poe Road a distance of 1071.10 feet to the POINT OF BEGINNING and containing 109.711 acres of land.

EXHIBIT "B"

BOUNDARY OF THE AREA TO BE SERVICED

RESOLUTION NO. 2008-07-63

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, DENYING THE PETITION OF THE LANCASTER MUNICIPAL UTILITY DISTRICT NO. 1 AND PROPERTY OWNERS GARY J. BAKER AND DEBORRA L. BAKER TO PROVIDE WATER AND SANITARY SEWER SERVICE FOR APPROXIMATELY 217.471 ACRES IN THE LANCASTER MUNICIPAL UTILITY DISTRICT NO. 1, GENERALLY LOCATED ON BEAR CREEK ROAD WITHIN THE EXTRATERRITORIAL JURISDICTION OF CITY OF LANCASTER; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Lancaster, Texas (the "City") consented to the creation of Lancaster Municipal Utility District No. 1 (the "District"), located within the extraterritorial jurisdiction of the City by Resolution No. 22-01; and

WHEREAS, (i) the District and Gary J. Baker have submitted to the City Council of the City, a Petition for Consent to Addition of Land to a Municipal Utility District, requesting the City's consent to the addition of 107.760 acres to the District, and (ii) the District and Gary J. Baker and Deborra L. Baker have submitted to the Mayor and City Council of the City, a Petition for Consent to Addition of Land to a Municipal Utility District, requesting the City's consent to the addition of 109.711 acres to the District which was denied by Resolution No. 2008-03-23 on March 10, 2008, and (iii) the District and Gary J. Baker and Deborra L. Baker have submitted to the Mayor and City Council of the City, a Petition to make water and sanitary sewer service available for property described in the petition which is attached hereto as Exhibit "A" and made a part hereof for all purposes; and

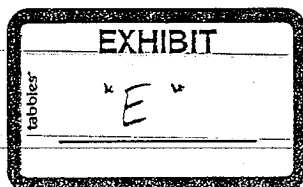
WHEREAS, the providing for such service is not within the benefit of the health, safety and welfare of the citizens of the City of Lancaster; and

WHEREAS, the City cannot insure that sufficient infrastructure and services can be provided to such annexed area and potable water cannot be delivered to the annexed area; and

WHEREAS, the City Council desires to adopt Resolution No. 2008-07-63 as set forth herein for the purpose of refusing to provide services.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS:

SECTION 1. That the City of Lancaster hereby denies the petition request of Lancaster Municipal Utility District No. 1 and property owners Gary J. Baker and Deborra L. Baker to make water and sanitary sewer service available for property described in Exhibit "A" as provided herein, all of which is within the extraterritorial jurisdiction of the City.

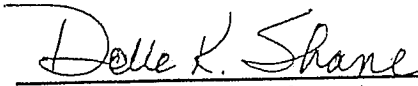


SECTION 2. That the City Manager or his designee is authorized to oppose such annexation and to take such actions that are necessary and within the law to oppose annexation or addition of any land into MUD #1.

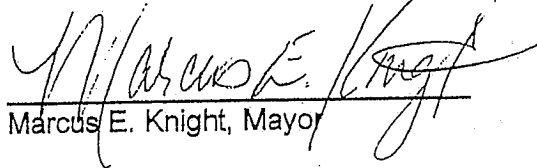
SECTION 3. This Resolution shall become effective immediately from and after its passage, as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas on this the 14th day of July 2008.

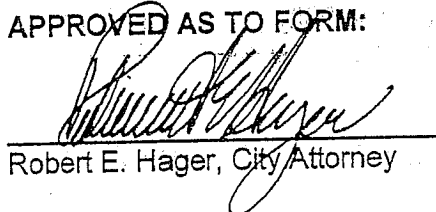
ATTEST:


Dolle K. Shane, City Secretary

APPROVED:


Marcus E. Knight, Mayor

APPROVED AS TO FORM:


Robert E. Hager, City Attorney